

## Message Text

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ACTION EA-09

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FM AMEMBASSY BANGKOK

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INFO AMCONSUL HONG KONG

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C O N F I D E N T I A L BANGKOK 2084

E.O. 11652: GDS

TAGS: PINT, EGEN, VS

SUBJECT: JAPANESE COMMENTS ON SITUATION IN SOUTH VIET-NAM

SUMMARY: JAPANESE CHARGE IN SAIGON KOJI WATANABE FORESEES ORGANIC REUNIFICATION OF VIET-NAM PROCEEDING SLOWLY, PRIVATE OWNERSHIP CONTINUING FOR SOME TIME, AND SAYS THAT REMAINING AMERICANS ARE KEEPING A VERY LOW PROFILE IN SAIGON. END SUMMARY.

1. JAPANESE CHARGE IN SOUTH VIET-NAM, KOJI WATANABE, DEPARTED POST JANUARY 27 TO RETURN HOME. HE HAD BEEN IN SAIGON SINCE 1974. DURING A VERY BUSY BUT BRIEF STOP IN BANGKOK, HE GAVE SOME OF HIS IMPRESSIONS OF VIET-NAM. MOST OF THE FOLLOWING IS FROM A PRIVATE CONVERSATION WITH UPI'S ALAN DAWSON, AN OLD FRIEND, AND WAS TOLD DAWSON IN CONFIDENCE.

2. POLITICAL. SOUTHERNERS ARE GENERALLY OPPOSED TO REUNIFICATION. THE NORTHERNERS REALIZE THIS AND WILL MOST LIKELY FACE REALITY BY HAVING FORMAL REUNIFICATION PROCEED SLOWLY.

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3. ECONOMIC. THE CURRENCY SWITCH WAS HANDLED BADLY.

FIRST, THE GOVERNMENT WAS TOO RESTRICTIVE AS TO THE AMOUNTS OF NEW CURRENCY PEOPLE COULD HOLD. THEN, BECAUSE OF PUBLIC PROTEST, THE GOVERNMENT LOOSENERED UP AND BECAME TOO GENEROUS, MAKING CURRENCY TOO QUICKLY AND READILY AVAILABLE AND FUELING INFLATION. A NEW SERIES OF RUMORS OF ANOTHER CURRENCY CHANGE ARE ADDING TO INFLATIONARY PRESSURES. ALL PRICES EXCEPT THOSE OF RICE HAVE RISEN.  
ALL NECESSITIES ARE AVAILABLE ON BOTH THE FREE MARKET AND AT CONTROLLED PRICES IN STATE-OPERATED STORES; THERE ARE NO SHORTAGES FOR THOSE WITH FUNDS. SOUTH VIET-NAM WILL RETAIN PRIVATE OWNERSHIP OF LAND AND INDUSTRY WELL INTO THE FUTURE. PARTICULARLY IN THE DELTA, COLLECTIVIZATION OF FARMS WOULD APPEAR TO BE IMPOSSIBLE WITHOUT THE KIND OF RULE OF TERROR WHICH OCCURRED IN THE NORTH IN 1956, WHICH IS UNLIKELY TO HAPPEN AGAIN.

4. AMERICANS. AMCITS ARE MAINTAINING A VERY LOW PROFILE IN SAIGON. THEY ARE SELDOM SEEN ON THE STREETS. IT IS ALMOST CERTAIN THAT THE REGIME WILL USE MIKE MIELKE AS AN INTERMEDIARY ON THE MIA ISSUE. (WATANABE TOLD JAPANESE EMBASSY FIRST SECRETARY NAITO HERE THAT HE THOUGHT THAT AMERICANS WERE FREE TO LEAVE SAIGON IF THEY WISHED. HE

ALSO NOTED THAT MOST OF THE 92 JAPANESE CITIZENS IN VIET-NAM HAVE BEEN THERE FOR MORE THAN THIRTY YEARS AND DO NOT WISH TO LEAVE.)

5. GENERAL. SAIGON IS A VERY SAD PLACE TO THOSE WHO KNEW IT PREVIOUSLY. NEWCOMERS WOULD NOT DETECT THIS SADNESS, HOWEVER. EVERYONE CELEBRATED AT CHRISTMASTIME, AND THERE WERE EVEN TRAFFIC JAMS. TET WILL ALSO BE CELEBRATED WITH GREAT ENTHUSIASM. MANY FLOWER STALLS OPERATED BY PRIVATE INDIVIDUALS LINED THE AREA AROUND NGUYEN HUE BOULEVARD WHEN HE LEFT. MOST OF THE BIG CHINESE RESTAURANTS ARE CLOSED, APPARENTLY DUE TO THE DECISIONS OF THEIR OWNERS, MANY OF WHOM ARE ACCUSED OF BEING BOURGEOIS COMPRADORES. OTHER RESTAURANTS, INCLUDING COFFEE SHOPS OPERATING FROM STORE AND HOUSE-FRONT, ARE MORE NUMEROUS AND DOING A BETTER BUSINESS THAN EVER.

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6. OTHER.

PERSONS RECEIVING REMITTANCES FROM ABROAD ARE LIMITED TO HOLDING ONLY 100 NEW DONG OF IT (PROBABLY PER FAMILY MEMBER) PER MONTH. THIS WOULD BE THE EQUIVALENT OF JUST UNDER US\$50. SENDING LARGE AMOUNTS OF MONEY TO VIETNAMESE INDIVIDUALS IS UNWISE. ARBITRARY LIMITS ARE IMPOSED ON DRAWING RIGHTS IN REMITTANCES TO FOREIGNERS AND

BUSINESSES.

7. IN HIS PUBLIC STATEMENTS TO THE PRESS IN BANGKOK, WATANABE MADE SEVERAL OBSERVATIONS. FIRST, IT IS OBVIOUS THAT THE NEW AUTHORITIES FEEL CONFIDENT OF THEIR POSITION, SINCE THEY ARE ALLOWING THE SHOOTING OF FIRECRACKERS AND REMOVING THE CURFEW FOR TET THIS YEAR. ONE HEARS STORIES ABOUT PROBLEMS IN THE COUNTRYSIDE, BUT THERE IS NO EVIDENCE OF THEM IN SAIGON. PERSONS OVER 45 YEARS OF AGE ARE AUTOMATICALLY GRANTED REQUESTS TO TRAVEL AROUND THE COUNTRY. MEDICINE IS VERY EXPENSIVE BECAUSE IT IS IMPORTED. THE SOVIETS ARE SUPPLYING THE SOUTH VIETNAMESE WITH OIL AND OTHER NECESSITIES.

8. COMMENT. THERE IS CONSIDERABLE EVIDENCE TO REFUTE TWO OF WATANABE'S POINTS, THAT THE PRICE OF RICE (BOTH STATE AND BLACK MARKET) HAS NOT RISEN AND THAT AMERICANS

ARE FREE TO DEPART SAIGON. OTHERWISE, WE WOULD NOT TAKE EXCEPTION TO HIS VIEWS. HE INDICATED TO HIS EMBASSY IN BANGKOK THAT HE WOULD BE MORE THAN HAPPY TO MEET WITH SOMEONE FROM EMBASSY TOKYO FOR MORE EXTENSIVE DISCUSSIONS ABOUT SOUTH VIET-NAM.

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